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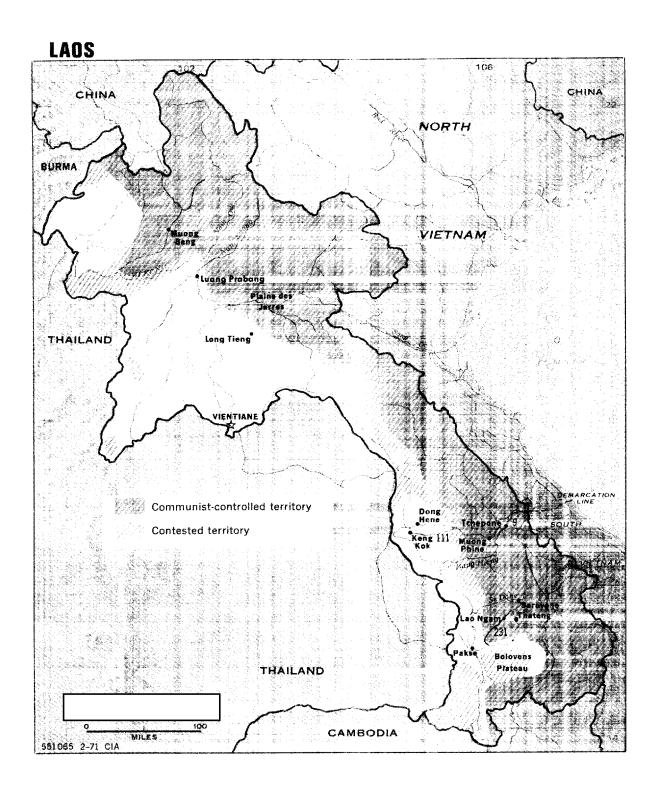
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LAOS: There were no reports of major fighting over the weekend, but Communist forces in several sections of the country appear to be preparing for increased activity in the near future.

Five miles east of Luang Prabang, an enemy sapper unit staged repeated but ineffective raids on 28 February against a company of reinforcements that had recently arrived from the Vientiane military region. Otherwise, North Vietnamese and Pathet Lao units maintained the pattern of brief skirmishes and mortar attacks that has characterized their activity for more than a week in the sector ten miles northeast of the capital.

It is possible that this pattern is intended to screen the movement of additional forces into the Luang Prabang area. Government units have reported several instances of enemy troop movements on the Nam Ou River in recent days.

North Vietnamese battalion, equipped with a 120-mm. mortar, transited Muong Beng in late January en route to Luang Prabang. There is no other indication that an additional NVA battalion has arrived, but ordnance analysis of a 24 February mortar attack on a government river outpost north of the capital showed that a 120-mm. mortar had been used. Heretofore, no weapon as large as this is known to have been assigned to Communist units in Luang Prabang Province.

Southwest of the Plaine des Jarres, the Communists kept up their shelling attacks and occasional probes of government outposts, but no major positions changed hands. In Military Region III, there is increasing evidence that Communist forces may be attempting to divert the government's four-battalion operation near Muong Phine by attacking positions as far west as Dong Hene and Keng Kok.

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Communist forces on and around the Bolovens Plateau continued to harass government outposts much as they have for the past month, but no important clashes took place. Irregular units appear to be more than holding their own while the enemy awaits the outcome of the fighting in the Tchepone area.

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USSR-US-INDOCHINA: The recent Soviet Government statement on the allied incursion into Laos has been followed by a private demarche to the US ambassador.

The demarche was made orally to Ambassador Beam by Deputy Foreign Minister Kuznetsov on 26 February. In his presentation, Kuznetsov underscored the seriousness with which the USSR views current allied activity in Laos, and he put the USSR on record against any future action aimed directly at North Vietnam. In warning the US against any "new aggression against the DRV," Kuznetsov also sought to raise the specter of Chinese intervention by reminding Ambassador Beam that "other members" of the socialist commonwealth "would not remain indifferent."

The manner in which the demarche was made suggests that the USSR does not really expect the US will support an allied incursion into North Vietnam. Press speculation about such a possibility and the incursions into Laos and Cambodia, however, have clearly raised some doubts in the USSR, and the government wants to be firmly on record against such a move.

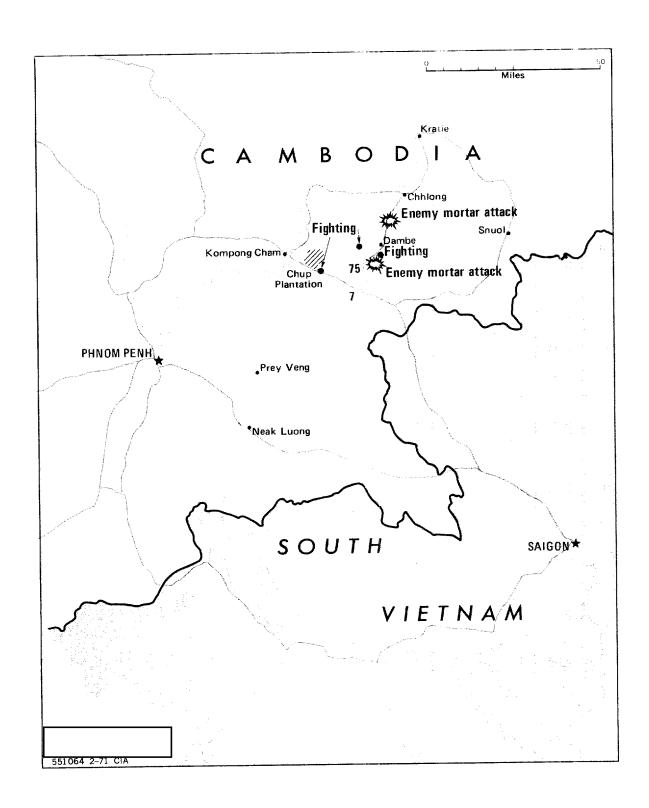
In his presentation, Kuznetsov again expressed Moscow's doubts about the utility of carrying on negotiations with the US in the face of its activities in Indochina. Similar statements were made last year in the wake of the US incursion into Cambodia and again in December after the US increased the bombing of North Vietnam. There have been no indications thus far, however, that the USSR actually intends to use current American activity in Indochina as an excuse to stall in any of its ongoing negotiations with the US. Should the USSR genuinely feel its interests in Indochina are seriously threatened by US actions, it does of course retain this option.

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CAMBODIA-VIETNAM: Both the South Vietnamese and the Communists sustained some fairly heavy losses over the weekend in actions in central Kompong Cham Province.

The bulk of the fighting occurred in the vicinity of the village of Dambe on Route 75. In the most significant encounter, a South Vietnamese ranger battalion clashed with an estimated enemy battalion just south of Dambe on 26 February. The rangers claimed 250 enemy troops were killed, primarily as a result of air strikes. On the same day, two heavy enemy mortar barrages against South Vietnamese positions near Dambe killed several South Vietnamese soldiers, wounded 123 others, and destroyed seven vehicles.

There were lesser numbers of casualties on both sides as a result of several actions around Dambe on 27 February. Elsewhere, only one sharp skirmish was reported in the vicinity of the Chup rubber plantation. On another front, Communist harassing attacks were reported against South Vietnamese positions near Snuol, in southern Kratie Province, but casualties were light.

(Map)

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MIDDLE EAST NEGOTIATIONS: Despite Israel's apparent refusal to modify its stand on withdrawal, Egypt may agree to an extension of the cease-fire.

The details of the formal Israeli response to Ambassador Jarring's initiative are still not public. "Authoritative sources at UN headquarters," however, have told newsmen that the Israeli reply contains the same principles as the cabinet communique of 21 February in which the Israelis rejected an Egyptian offer to make peace in return for complete Israeli withdrawal from the Sinai Peninsula.

Although the Israeli reply was described as not being specific on borders, Israeli officials have begun to spell out what they regard as the minimal acceptable boundaries in any settlement. In a speech on 25 February, Prime Minister Golda Meir said, "We will not be able to leave the Golan Heights, Jerusalem, or Sharm ash-Shaykh." In a radio interview the next day, Foreign Minister Eban also indicated that Israel would insist on retaining these three areas. Although both Mrs. Meir and Eban indicated that their statements did not represent an official decision on borders, their views appear to be shared by a majority of government members.

In Cairo, the semiofficial al-Ahram stated that Egypt would not object to whatever is unanimously agreed on by the Big Four powers, in consultation with Secretary General Thant and Jarring. The al-Ahram statement indicates that Egypt is apparently willing to agree to an extension of the cease-fire beyond the expiration date of 7 March. Subsequently, an official Egyptian spokesman stated that Israel's insistence on retention of occupied territory "closes the door to all peaceful attempts." He made no reference to the cease-fire, however.

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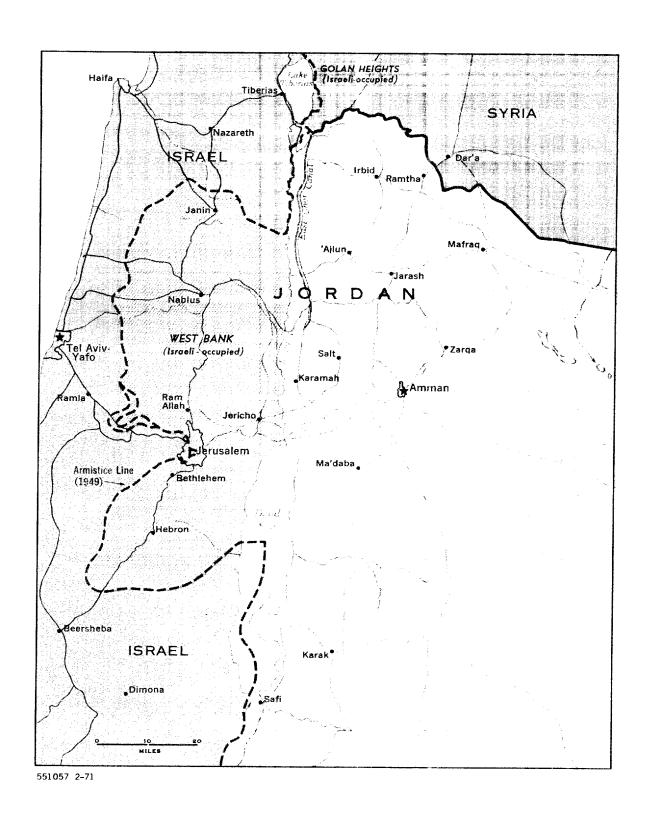
The USSR, meanwhile, in an obvious attempt to increase the pressure on the Israelis, has issued one of its infrequent government statements on the Middle East. The statement, released on 27 February, contrasts the alleged reasonableness of the Egyptian response to Jarring with the Israeli communiqué announcing Israel's refusal to withdraw to the pre-1967 boundaries, and attempts to link the Israeli position to its relationship with the US. The statement also warns that the only alternative to a political settlement is a "military clash," and affirms that all states interested in peace must act vigorously to prevent Israel and "its patrons" from frustrating such a settlement. It ends with the standard reiteration of all-out Soviet support for the Arabs in their struggle to regain their lands.

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UN-JORDAN: Neither the Jordanian Government nor the UN Relief and Works Agency (UNRWA) is prepared to deal effectively with the plight of the refugees in Jordan.

Since the outbreak of the civil war last September, additional people have moved into two large UNRWA camps, worsening the overcrowded conditions that have existed there at least since the 1967 war. The government wishes to move a substantial number of such people to the Ghor area, east of the Jordan River, which is being partially rehabilitated. This region, 80 percent of whose normal population is Palestinian, includes the East Ghor Canal--now functioning in a makeshift fashion--and cultivable lands described as being used at 60 percent efficiency.

To encourage movement back to Ghor, either the Jordanian Government or UNRWA--perhaps both--would have to provide a substantial number of basic services. The Jordanian Government is as strapped for cash as the agency, however, and appears to be looking to the US for large-scale assistance in rehabilitating the Ghor area. At the same time, Jordan is opposed to any significant cutback in UNRWA services. Nevertheless, in response to US demarches, UNRWA officials have agreed to reduce the UNRWA presence as far as possible to allow a greater assertion of responsibility by Jordan, thereby lessening UNRWA liability for fedayeen activity in the refugee areas.

UNRWA's fiscal problems remain a subject of deep concern at UN headquarters. The chairman of the special working group on the subject will soon make a three-continent tour to solicit funds. Communist states continue to refuse cooperation.

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YUGOSLAVIA: Belgrade's long-awaited constitutional amendments providing for extensive government decentralization were published Saturday.

A partial text indicates the measures follow the guidelines set forth by Tito last September in a Zagreb speech calling for a revamping of the nation's federal system. The changes are part of the 78-year-old President's initiative to come to grips with the problem of succession.

Proposed is the creation of a collective presidency consisting of two members from each of the country's six constituent republics and one from each of Yugoslavia's two autonomous provinces. Tito will remain president for life, but after his passing, the titular posts of president and vice president (not now in existence) will be rotated among members of the executive body for one-year terms.

In other areas, the changes call for a paring of the federal government's authority, leaving it only national defense, foreign policy, and the power to assure a unified internal economic system. The amendments will be presented to the party presidium on 2 March and to the federal assembly on 4 March, followed by a two-month nationwide debate on the documents. Final enactment of the changes is not expected before August.

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AFRICA-UK: African reactions have been largely muted to the Heath government's announcement last week that it would allow the sale of Wasp helicopters to South Africa.

Only a few African states--notably Ghana and Nigeria--have been highly critical of the decision, although the Organization of African Unity foreign ministers' meeting, now in session, can be expected to issue a strongly worded condemnation. General Gowon also announced that Nigeria is withdrawing from the eight-member study group set up at the recent Commonwealth meeting to examine the security situation in the South Atlantic and Indian oceans. The British maintain that the sale to South Africa of marine arms, including the antisubmarine Wasp helicopters, would help offset a growing Soviet naval presence in the Indian Ocean.

Pretoria, of course, is elated over the British decision, and the Vorster government immediately put in an order for seven helicopters. Both South Africa and black African Commonwealth members, however, are waiting now to see whether Heath will allow further arms sales. Foreign Minister Sir Douglas-Home said the government would reserve its position on this point when answering questions in

parliament last week.

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